CITY OF MEMPHIS

COUNCIL EXECUTIVE SESSION

Tuesday , May 19, 2020, 10:00 a.m.

SUPPORTING DOCUMENTS

DOCUMENTS FOR ITEM 1 HAD NOT BEEN PROVIDED AT THE TIME OF PUBLICATION OF THE EXECUTIVE SESSION MEETING SCHEDULE

A resolution to create an Employee Vacation Leave Buy Back Program for FY20.

WHEREAS, the unemployment rate has soared to 14.7 percent, the worst unemployment rate since the Great Depression era and governments, private companies and non-profits are implementing massive layoffs and furloughs to stay afloat amid this financial crisis; and

WHEREAS, the City of Memphis has worked diligently to create a budget for FY21 that does not include lay-offs or furloughs for City of Memphis employees and a budget that balances the challenges that we face in what remains an extremely uncertain time; and

WHEREAS, these choices were not easy and required that salary increases and employee hiring be placed on hold as our City navigates an $82,764,721 shortfall in revenue; and

WHEREAS, this Council has sought to bring economic stability to small businesses, non-profits, the tourism industry, and personal care professionals through the Council Emergency Relief Program; and

WHEREAS, this body has worked closely with the Administration to provide rent, food, clothing, and utility assistance to Memphians impacted by COVID-19 through a partnership with MIFA; and

WHEREAS, this Council has many difficult decisions ahead of us as we commence the Budget Hearing process and make financial decisions about the most efficient way to continue to provide quality services for our constituents under economic strain; and

WHEREAS, this Council and the City of Memphis value the work of every employee and acknowledge their endless days to keep Memphis moving forward; and

WHEREAS, we acknowledge the ever-mounting financial strain being placed upon households due to unemployment, lack of child care, decreased hours, and medical bills related to this pandemic; and

WHEREAS, on March 24, 2020, the administration issued City of Memphis Temporary Leave and Travel Policy PM-46-04 as a supplement to Section: 46-00, ordering a moratorium on all vacation requests and approvals, allowing carryover vacation to be used until December 31, 2020 and requesting all employees refrain from nonessential business and personal travel in response to COVID-19 and in an effort to protect its workforce; and

WHEREAS, a mutually beneficial buy-back plan is a program that allows a full-time employee to sell a portion of his or her unused accrued vacation leave back to the employer and allows the employer to benefit from increased employee services and productivity; and

WHEREAS, the FY20 budget ends on June 30, 2020 and includes personnel costs including vacation leave and salaries for full-time employees; and

WHEREAS, the Memphis City Council desires to create a way for employees to provide for their families and implement innovative ways to increase employee compensation within present budget constraints; and

WHEREAS, creating a program to allow full-time employees to sell up to 10 days of accrued vacation leave back to the City of Memphis prior to the end of fiscal year on June 30, 2020 shall supersede any other policy, rule or regulation that may be inconsistent with the program.

NOW, THERFORE, BE IT RESOLVED by the Memphis City Council that full-time employees shall have the option of requesting pay in lieu of time off for a maximum of 10 days of accrued vacation leave for FY20. Such requests are subject to the approval of the department head and the availability of funds. This policy shall supersede any other policy, rule or regulation that may be inconsistent with the program.

THERFORE, BE IT FURTHER RESOLVED that the Memphis City Council requests that the administration create and implement the FY20 Employee Vacation Buy Back Program with due haste allowing full-time employees to sell up to 10 days of accrued vacation leave back to the City of Memphis prior to June 30, 2020.

Sponsor:
Martavius D. Jones

Chairwoman
Patrice J. Robinson

Resolution Requesting the Governor to Authorize Absentee Voting by Demand to Prevent Further Spread of COVID-19 during the 2020 Election Cycle

Whereas, Coronavirus Disease 2019 ("COVID-19") is an illness recognized as a public health emergency of international concern by the World Health Organization; and

Whereas, since the World Health Organization became aware of COVID-19 on December 31, 2019, millions of people worldwide have been negatively impacted with this disease; and

Whereas, COVID-19 is a virus spread from person to person with symptoms ranging from mild to severe illness; and

Whereas, on March 30, 2020 through Executive Order No. 22, Governor Lee directed citizens of the State of Tennessee to remain "safer at home" except for essential business operations and personal activities in order to further reduce the transmission of COVID-19; and

Whereas, although the number of reported cases in Tennessee continue to rise, we are seeing the positive effects of following the Center for Disease Control and Prevention's recommendation to maintain social distance of six feet and not engaging in crowded events; and

Whereas, it is imperative that sustained efforts of social distancing continue to slow the spread of COVID-19 and protect the lives and health of our citizens; and

Whereas, Tennessee Code Annotated § 58-2-107(e)(1) provides that during a state of emergency, the Governor is authorized to "[s]uspend any law, order, rule or regulation prescribing the procedures for conduct of state business or the orders or rules or regulations of any state agency, if strict compliance with any such law, order, rule, or regulation would in any way prevent, hinder, or delay necessary action in coping with [an] emergency;" and

NOW, THERFORE, BE IT RESOLVED, due to the continued health risk associated with gatherings, we, the Memphis City Council, request Governor Bill Lee to execute an Executive Order suspending certain provisions of Tennessee Code Annotated § 2-6-201 to the extent necessary to authorize absentee voting by demand as is necessary to respond to and prevent the spread of COVID-19 during the 2020 Election Cycle; and

BE IT FURTHER RESOLVED that the Memphis City Council request Governor Lee to adopt hand-marked paper ballots.

Sponsor: Dr. Jeff Warren

Chairwoman: Patrice J. Robinson

RESOLUTION REQUESTING INFORMATION NECESSARY TO DETERMINE THE FEASIBILTY OF SUPPLYING THE MEMPHIS MARKET WITH ELECTRICITY INDEPENDENT OF TVA

WHEREAS, The Memphis Light, Gas and Water Division (MLGW) of the City of Memphis is currently undertaking an Integrated Resources Plan (IRP) which would identify the most cost-effective resource portfolio to meet MLGW's total capacity and energy requirements; and

WHEREAS, Pursuant to Article 65 Section of the Memphis City Charter, the Memphis City Council has the final authority to approve any contract to purchase electric current from any source for purpose of furnishing electric power and energy by the MLGW system within the limits of the City of Memphis and outside the corporate limits of the City of Memphis; and

WHEREAS, MLGW has no transmission interconnections with any other entity, although the City is located electrically close in geographical proximity to the Midcontinent Independent System Operator (MISO), an electricity power transmission provider; and

WHEREAS, The Memphis City Council deems it prudent to contact MISO to perform a Transmission Study to determine the best way to transmit enough electricity to supply the power needs for the Memphis market from the MISO transmission system; and

WHEREAS, ACES Power offers a broad suite of Energy Risk Management and Transaction Execution services including the request for proposal process for Local Power Companies (LPC). The Memphis City Council further deems it prudent to contact ACES Power to develop and issue a Request for Proposal (RFP) to obtain proposals for supplying electric power to the Memphis market following the five-year termination notice period to TVA. The RFP should solicit proposals broadly from any viable power producers in the region; and

WHEREAS, Recognizing there is some interplay between a transmission study and a power provider solicitation, the Memphis City Council authorizes MISO and ACES Power to cooperate and exchange information as necessary to ensure the results of both efforts provide the lowest cost solution to meet the power needs of the Memphis market.

THEREFORE, BE IT RESOLVED, the Memphis City Council requests that MISO perform a Transmission Report to determine the best way to transmit enough electricity to supply the power needs for the Memphis market from the MISO transmission system.

THEEREFORE, BE IT FURTHER RESOLVED, the Memphis City Council requests ACES Power to develop and issue a Request for Proposal to obtain proposals for supplying electric power to the Memphis market following the five-year notice period to TVA. The cost of such work by ACES shall not exceed $150,000.

Sponsors:
Jeff Warren
Cheyenne Johnson
Jamita Swearengen
Rhonda Logan
Frank Colvett, Jr.

Patrice J. Robinson
Chairwoman

May 15, 2020

City Council
City of Memphis
City Hall
Memphis, Tennessee 38103

Board of Light, Gas & Water
Commissioners of the City of Memphis
245 South Main Street
Memphis, Tennessee 38103

Ladies and Gentlemen:

We have been asked to address a number of legal issues contained in an email from Memphis City Council Member Dr. Jeffery Warren dated January 21, 2020. While the specific points of the email are addressed in more detail below, we believe that the main legal matter that we are being asked to address is whether municipalities in Tennessee may issue capital appreciation bonds ("CABs"). As described in more detail below, a CAB is a bond where interest on the bond is not payable for a certain period of time or until maturity, but instead interest on the bond is compounded (or accreted) and paid at a later date or at maturity. As a legal matter, while there is a state law restriction on "Balloon Indebtedness," which is described below and would need to be evaluated in connection with the issuance of CABs, there is no outright prohibition under Tennessee law on the ability of municipalities in Tennessee to issue CABs. **However, as noted and discussed below, there are several nonlegal considerations that should be considered before a municipality issues CABs.**

Council Member. Warren's email was sent in response to a presentation given by the City's Light, Gas and Water Division ("MLGW") at the Council's January 21, 2020, meeting, which such presentation addressed a PowerPoint presentation from UBS dated February 28, 2019, and entitled "Leveraging the Savings from Alternative Energy Options for MLGW and Market Update" (the "2019 Capitalized Interest Proposal"). Assuming a certain amount of annual savings if MLGW were to switch to an alternative energy provider, the 2019 Capitalized Interest Proposal set forth a financing plan for capital improvements to the electric system that could be funded with such annual savings. Because MLGW is required to give its current energy provider, TVA, five years' notice in order to cancel its current energy supply contract, the 2019 Capitalized Interest Proposal provided for the funding of a capitalized interest account to pay interest on the financing for such five-year period, and beginning in the sixth year, the annual savings would be used to pay debt service on the financing.

At the request of MLGW, we reviewed the question of whether interest on bonds can be capitalized for five years. Under both the Tennessee Revenue Bond Law (specifically, T. C. A. §7-34-104(a)(4)) and the Tennessee Local Government Public Obligations Act (specifically, T. C. A. §9-21-109(3)), proceeds of an issue of electric revenue bonds can be used to pay the interest on such bonds during the construction period and for six months thereafter. It is our understanding that the substation and distribution upgrades that MLGW desires to finance with its proposed bond issue are discrete projects and will have construction periods of three to

eighteen months, meaning that under state law proceeds of the bonds could pay interest on the bonds for up to 24 months maximum. Additionally, tax-exempt electric revenue bonds have typically been issued for capital projects of MLGW's electric system. Under section 1.148-6(d)(3)(A)(ii)(3) of the Federal Tax Regulations relating to arbitrage bonds, proceeds of tax-exempt bonds can be used to pay interest on the bonds for a period ending on the later of three (3) years following the issue date or one year after the project is placed in service.. Thus, under both Tennessee law and federal tax law, interest on tax-exempt revenue bonds issued to finance the proposed substation and distribution upgrades cannot be capitalized for five years.

In response to the MLGW presentation noting the legal impediments to capitalizing interest on electric utility revenue bonds for five years, Council Member Warren's January 21, 2020, email references an alternative financing proposal (the "2020 Deferred Interest Proposal"). According to the email, "the proposed financing plan would be that MLGW issue bonds to borrow the entire amounts required to fund capital expenditures for its substation and distribution upgrades rather than seeking an increase in rates and defer all debt service payments for a period of five years after notice to TVA of termination of its contract and use the savings from the power supply contract replacing TVA to pay the debt service on the bonds." The email states that such 2020 Deferred Interest Proposal was also proposed by UBS, but that Council Member Warren has not been provided with a copy of the 2020 Deferred Interest Proposal. We have also not been provided with a copy of the 2020 Deferred Interest Proposal.[1]

Council Member Warren's email makes several points about the 2020 Deferred Interest Proposal, which such points we have been asked to address. **Our responses below only address matters of law and are based solely only on the information provided in the hypotheticals in Council Member Warren's email. Additionally, our responses are in no way a recommendation or endorsement with respect to any particular financial product or structure. MLGW should consult with its finance professionals, including municipal financial advisors and investment bankers, in order to evaluate the 2020 Deferred Interest Proposal, including, but not limited to, the interest cost to MLGW and the potential for investor interest under the 2020 Deferred Interest Proposal, as well as the overall effect of the 2020 Deferred Interest Proposal on the current outstanding electric revenue bonds and the financial ratings thereon and the ability to issue additional electric revenue bonds in the future**.

The items from Council Member Warren's email and our responses are set forth below:

[1] Note that since the January 21, 2020, City Council meeting, at least one other outside organization has posted on its website a PowerPoint from UBS containing two (2) financing scenarios using CABs, but we are unaware if either scenario is the scenario referenced in Council Member Warren's email.

Item #1 from Council Member Warren's email. "The MLGW response does not specify what provisions of the state acts would be violated but the only relevant provision of the Revenue Bond Law appears to be 7-34-104(a)(4). This provision authorizes bonds to finance the costs of public works including 'interest that it is estimated will accrue during the construction period and six (6) months thereafter on money borrowed or that it is estimated will be borrowed pursuant to this chapter.' This provision merely authorizes the inclusion in the bond issue of the funding of this amount of interest. It has nothing to do with the deferral of debt service payments as the provision from the Local Government Public Obligations Act discussed in 2 below and other provisions of the Revenue Bond Law clearly indicate. My understanding is that there is no proposal to fund interest in an amount greater than this and thus this provision is inapplicable."

Butler Snow response. As noted above, we have not reviewed the 2020 Deferred Interest Proposal and therefore cannot comment on the specifics of the 2020 Deferred Interest Proposal. As stated above, as a legal matter and subject to legal considerations referenced in our response to Item #2 below, there is no outright prohibition under Tennessee law on the ability of municipalities in Tennessee to issue CABs or convertible CABs. A CAB is described by the Municipal Securities Rulemaking Board as "[a] municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity." A convertible CAB is a municipal security that is initially issued as a CAB, but that is converted to a current interest bond prior to maturity. In other words, by issuing a CAB, a municipality could defer debt service payments on such CAB until maturity, and by issuing a convertible CAB, a municipality could defer debt service payments on such convertible CAB until a certain date on which the CAB would convert to a current interest bond, which such date could be five (5) years or more from the issue date of the convertible CAB.

As noted above, our response to this question only addresses the legal authority to issue CABs under state law. MLGW should consult with finance professionals in order to evaluate such structure.

Item #2 from Council Member Warren's email. "The only relevant provision of the Local Government Public Obligations Act that appears to be relevant is section 9-21-134. This provision sets up a requirement for approval of the Comptroller of the Treasury of the issuance of 'Balloon Indebtedness.' 'Balloon Indebtedness' is defined in 134(a)(1)(A) as indebtedness that (a) has a maturity date 31 or more years from issuance, (b) delays principal repayment for more than three years after date of issuance, (c) capitalizes interest for a period beyond the later of the end of the construction period or 3 years from the date of issuance, or (d) does not have substantially level or declining debt service. While this definition may be met here, there are numerous statutory exceptions in B. Memphis' credit rating on other debt would probably except it from this requirement. A slight change in some of the terms might also take the proposed debt out of this requirement. In any event, the only requirement here if the debt were Balloon Indebtedness would be to get state approval. Thus, this provision would not bar the proposed financing."

Butler Snow response. The "Anti-Kicking the Can Act" was enacted in Tennessee in 2014 and is codified in T. C. A. §9-21-134. The Anti-Kicking the Can Act requires that, prior to the issuance of "Balloon Indebtedness," municipalities must submit a plan of Balloon Indebtedness to the Tennessee Comptroller of the Treasury (the "Comptroller") for approval. CABs and convertible CABs where debt service is deferred five (5) years or more would constitute "Balloon Indebtedness" under the Anti-Kicking the Can Act, specifically T. C. A. §9-21-134(a)(1)(A)(ii) and (iv), because principal repayment would be delayed for more than three (3) years after the date of issuance of such CABs and the CABs would not have substantially level or declining debt service. Therefore, approval from the Comptroller would be required prior to the issuance of any CABs unless an exception is met.

As Council Member Warren's email points out, there are a number of exceptions to the requirement that approval from the Comptroller be obtained prior to the issuance of Balloon Indebtedness. Having not reviewed the 2020 Deferred Interest Proposal, we cannot state for certain whether the proposed financing would fall within any of such exceptions, but we can rule out many of the exceptions.

Under T. C. A. §9-21-134(a)(1)(B)(i), Balloon Indebtedness does not include any indebtedness that "[h]as at least seventy-five percent (75%) of total principal amortized within ten (10) years from the date of issuance with no more than twenty-five percent (25%) of principal subject to payment in any one (1) year." It may be technically possible to issue convertible CABs that meet this exception. Financial advisors, investment bankers and other finance professionals could advise as to whether such a structure is feasible.

Under T. C. A. §9-21-134(a)(1)(B)(ii), Balloon Indebtedness does not include any indebtedness that "[h]as a debt service schedule in which each annual principal installment is not more than fifty percent (50%) in excess of the smallest prior installment." Neither CABs nor convertible CABs would meet this exception because, as we understand the description of the 2020 Deferred Interest Proposal in Council Member Warren's email, there would be no debt service payments during the first five (5) years.

Under T. C. A. §9-21-134(a)(1)(B)(iii), Balloon Indebtedness does not include any general obligation indebtedness of an issuer whose long-term general obligation indebtedness is rated AAA/Aaa or AA+/Aa1. The City's general obligation bond rating is currently below AA+/Aa1.

Under T. C. A. §9-21-134(a)(1)(B)(iv), Balloon Indebtedness does not include any revenue bonds of an issuer whose long-term revenue bond rating is AAA/Aaa or AA+/Aa1. The electric system revenue bond rating is currently below AA+/Aa1.

The other four exceptions under T. C. A. §9-21-134(a)(1)(B) (i.e., (1) participation in a financing program that is required by law, (2) a conduit transaction for a nongovernmental entity, (3) the indebtedness is evidenced by a loan with USDA or HUD and (4) the indebtedness is of a type that is subject to approval from the Comptroller under some other statute) do not appear to be applicable, but we would need to examine the 2020 Deferred Interest Proposal in order to make a definitive determination.

T. C. A. §§9-21-134(e) and (f) set forth the procedures for requesting and receiving any required approval from the Comptroller. Prior to the adoption of any action authorizing the issuance of Balloon Indebtedness, a plan of Balloon Indebtedness must first be submitted to the Comptroller for approval. The Comptroller may request any additional information as may be required to properly review the proposed plan of Balloon Indebtedness. The Comptroller is required to evaluate each plan based on the plan's particular circumstances and can approve the plan only if a determination is made that the repayment structure is in the public's interest. The Comptroller shall report the Comptroller's approval or disapproval of the plan within fifteen (15) business days after receipt of the plan and all requested supplemental documentation.

The Tennessee State Funding Board has also promulgated guidelines for Comptroller approval of Balloon Indebtedness, which such guidelines contain additional requirements.

Item #3 from Council Member Warren's email. "Treas. Reg. section 1.148-6 is the federal tax-exempt bond rule regarding how proceeds are allocated to tax exempt bonds to determine if they are arbitrage bonds. Reg. 1.148-6(d)(3)(ii)(3) provides that the rule in (d)(3)(i) does not apply to 'Interest on the issue for a period commencing on the issuance date and ending on the date that is the later of three years from the issuance date or one year after the date on which the project is placed in service'. Section (d)(3)(i) however only applies to bonds financing working capital expenditures. The proposed financing would be of capital expenditures not working capital expenditures. Moreover since 100% of the proceeds would be spent for such expenditures, the 'uniform cap' concept in the arbitrage regulations would preclude any such amounts being allocated to make bonds arbitrage bonds. Thus this regulation, which even if applicable would only make the bonds arbitrage bonds, has no applicability here."

Butler Snow response. We do not believe that this provision would preclude the issuance of tax-exempt CABs or tax-exempt convertible CABs. However, if issued on a tax-exempt basis, CABs are still subject to all rules and regulations governing the issuance of tax-exempt bonds, including the arbitrage regulations.

Item #4 from Council Member Warren's email. "There is nothing that makes consolidating debt for distribution and substation improvements and power supply investments inappropriate. In fact the IRS regulations would probably allow a single bond issue for this purpose. There is no reason why separate bonds could not be issued, however. Which might be more efficient here."

Butler Snow response. We cannot adequately address this point without further detail on the 2020 Deferred Interest Proposal. There are certain spenddown requirements that must be met with respect to the issuance of federally tax-exempt bonds. Generally, such spenddown period is three (3) years from the date of issuance. However, there are other considerations, such as the spending exceptions to the rebate requirement that requires proceeds of an issue to be expended within shorter periods.

Additionally, as with the structuring considerations mentioned above, MLGW should consult with finance professionals with respect to structuring questions, including, but not limited to, the feasibility and cost-effectiveness of issuing single or multiple issues of bonds for its capital projects.

Sincerely,

BUTLER SNOW LLP

Michael J. Bradshaw, Jr.

MLGW

SERVING YOU IS WHAT WE DO

MLGW Committee Cost Savings & Projects Report

May 19, 2020

WAY FORWARD METRICS REPORT

Operational

Operational Items	Metric	Baseline (as of Dec 2019)	2020 YTD Actual	2020 Target	Cumulative Five Year Actual	2024 Cumulative Target	% of Annual Target	% of Cumulative Target
Labor reductions	FTE's	0	29.5	20	29.5	375	147.5%	7.9%
Savings	Dollars in Thousands	$0	$2,830	$1,600	$2,830	$91,700	176.9%	3.1%
Refill rate	% of requests to fill and filled	100%	45.2%	62.5%	45.2%	62.5%	72.3%	72.3%
Procurement	Contract approval timeline	220	145	215	145	215	67.4%	67.4%
Procurement	Inventory efficiency	0.627	0.640	0.750	0.640	0.750	85.3%	85.3%
Procurement	Bids/RFP	2.33	2.625	3	2.625	3	87.5%	87.5%
Fleet Management	Fleet Reduction	0	49	200	49	300	24.5%	16.3%

MLGW 5/19/2020 Way Forward Metrics Report

- Labor Reductions: MLGW is ahead of schedule for Labor/Position Reductions with 29.5 FTE.

- Procurement Inventory: An inventory turnover report has been completed for use in tracking this metric. The report was used to establish the 2019 baseline and the 2020 YTD April value as illustrated above at 0.64. With this metric, the higher the number the better utilization of inventory.

Capital Projects & Tree Trimming

HDR Study Items	Metric	Baseline (as of Dec 2019)	2020 YTD Actual	2020 Target	Cumulative Five Year Actual	2024 Cumulative Target	% of Annual Target	% of Cumulative Target
Electric Division								
Tree trimming	Miles trimmed	800	207	1373	207	6865	15.1%	3.0%
Wood poles replaced	# of Poles	300	122	500	122	2600	24.4%	4.7%
Distribution Automation deployment	# of units installed (designed/installed)	24	6	67	6	1100	9.0%	0.5%
Substation Breaker replacements	# of units installed	5	4	12	4	60	33.3%	6.7%
Substation Transformer replacements	# of units installed	2	1	4	1	20	25.0%	5.0%
Underground cable replacements	Feet of cable (designed/installed)	25,000	5,450	41,800	5,450	392,400	13.0%	1.4%
Gas Division								
Cast iron retrofit	Miles completed	1.5	0.72	2.5	0.72	7	28.8%	10.3%
Steel tap replacements	# of units R/P	57	0	147	0	2050	0.0%	0.0%
Gas Transmission & Extra HP Pipelines	Miles completed	0	0	0.55	0	5	0.0%	0.0%
Regulator Stations	# of Stations	1		3		12	0.0%	0.0%
Water Division								
Production Wells	# of new wells	0		3		15	0.0%	0.0%
Station rehabilitation	% progress	***Development of Milestones in Progress***						
Lead service line replacements/removals	# of services installed	363	406	1000	406	5000	40.6%	8.1%
Digital Process Control Systems	# of units installed	0		2		7	0.0%	0.0%

Capital Projects & Tree Trimming (cont.)

HDR Study Items	Metric	Baseline (as of Dec 2019)	2020 YTD Actual	2020 Target	Cumulative Five Year Actual	2024 Cumulative Target	% of Annual Target	% of Cumulative Target
Electric Division								
Tree trimming	Dollars (in thousands)	$13,377	$2,062	$18,548	$2,062	$98,474	11.1%	2.1%
Wood poles replaced	Dollars (in thousands)	$1,500	$567	$3,000	$567	$15,000	18.9%	3.8%
Distribution Automation deployment	Dollars (in thousands)	$2,100	$222	$6,000	$222	$130,000	3.7%	0.2%
Substation Breaker replacements	Dollars (in thousands)	$1,129	$1,459	$2,600	$1,459	$15,700	56.1%	9.3%
Substation Transformer replacements	Dollars (in thousands)	$2,803	$2,192	$8,500	$2,192	$39,000	25.8%	5.6%
Underground cable replacements	Dollars (in thousands)	$2,386	$342	$6,800	$342	$54,000	5.0%	0.6%
Gas Division								
Cast iron retrofit	Dollars (in thousands)	$4,013	$1,769	$4,000	$1,769	$7,000	44.2%	25.3%
Steel tap replacements	Dollars (in thousands)	$74	$0	$400	$0	$17,000	0.0%	0.0%
Gas Transmission & Extra HP Pipelines	Dollars (in thousands)	$117	$5	$2,500	$5	$21,018	0.2%	0.0%
Regulator Stations	Dollars (in thousands)	$154	$9	$1,000	$9	$5,400	0.9%	0.2%
Water Division								
Production Wells	Dollars (in thousands)	$0	$752	$4,323	$752	$28,603	17.4%	2.6%
Station rehabilitation	Dollars (in thousands)	$0	$97	$1,650	$97	$59,350	5.9%	0.2%
Lead service line replacements	Dollars (in thousands)	$496	$186	$2,500	$186	$12,500	7.4%	1.5%
Digital Process Control Systems	Dollars (in thousands)	$0	$97	$950	$97	$4,755	10.2%	2.0%

MLGW 5/19/2020 Way Forward Metrics Report

Actual 2020 YTD Dollars exclude overhead burdening cost for months after January. The overhead burdening costs will be added as the months are closed.

Notes on Select Projects
Tree trimming: Still behind schedule due to weather, contractor availability; major issues going forward with pandemic restraints, looking at alternatives to get back on schedule; currently working with 57 (was 45) crews and will need even more to meet the 2020 target.

Wood Poles: In process of obtaining bids on contracted work required. Bids are due back on 4/28. Bids have been received and are currently being evaluated.

Distribution Automation: 26 Devices have been released to construction; 14 more devices are active in Engineering for design.

Substation Breaker Replacements: 1589 transmission breaker at Sub 1 – complete; 4257 bank breaker at Sub 4 – complete; 4181 breaker at Sub 24 – complete; 6655 bank breaker at Sub 26 – complete; 1151 sectionalizing breaker at Sub 21(90% complete); 42207 feeder breaker at Sub 42(60% complete); 48345 bank breaker at Sub 48(63% complete); 79351 sectionalizing breaker at Sub 79(47% complete)

Substation Transformer Replacements: 4557 transformer at Sub 4 – complete; 1157 transformer at Sub 21(85% complete); 4155 transformer at Sub 24(40% complete)

Underground cable: Will see large increases in feet replaced once current jobs are completed. Also working on new contract to achieve targets over the five-year period. The contract request has been submitted by the area to the Contracts Management department to begin the process of bringing in more crew resources.

Gas Transmission Pipelines: All jobs in design. For 3/4 jobs we are in the process of purchasing 12" steel pipe. Goal is to have the pipe procurement recommendation at the 5/20 MLGW Board meeting and have PO issued in late June. On the 4th job - we are still waiting on an agreement between MLGW and the railroad (Covington Pike) in legal. This 4th job impacts two large industrial customers so we will need to work with their schedules and give them proper notice of the job once we have that agreement.

Gas Regulator Stations: All jobs still in design.

Water Production Wells: Well 307A (Lichterman) has been completed by contractor and the pump has been set. Work to begin on foundations, discharge piping. Engineering has begun on electric service to the well and the collecting main is in design. Contract change order for additional funding was approved at the 4/15 board meeting and is with City Council. Well 410 (Davis) – Contractor is currently drilling this well. MLGW has begun working on electrical and water designs.

Water Pumping Station Rehabilitation: Holistic station rehab project plan has been developed, forecasting need of 3 contractors, one each for evaluation, design and construction; RFP specs for evaluation have been submitted. Contract for the evaluation phase has been advertised to engineering firms for response. Qualifications for this contract are due by 6/5/20.

Water Digital Process Controls: Seven filters complete at Sheahan, moving to the pump building soon. MLGW Telecom is installing the required fiber between the filter building and the pump building at Sheahan.